GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:3208
ANSWERED ON:04.08.2016
Spinning Mills
Chavan Shri Ashok Shankarrao;Gaikwad Dr. Sunil Baliram;Kirtikar Shri Gajanan Chandrakant;Mahato Shri Bidyut Baran;Radhakrishnan Shri T.;S.R. Shri Vijay Kumar;Singh Shri Kunwar Haribansh

Will the Minister of TEXTILES be pleased to state:

(a) whether the recent spurt in cotton prices has resulted in higher input costs for the spinning sector in the country and the sector is facing financial crunch;

(b) if so, whether the Government has requested the Cotton Corporation of India (CCI) recently to sell its existing stock purchased under MSP to spinning mills and if so, the details thereof and the action taken by the CCI in this regard;

(c) whether the spinning mills are facing financial crunch due to pending subsidies under the Technology Upgradation Fund Scheme (TUFS) and if so, the details thereof;

(d) whether the Government proposes to clear the pending subsidies in order to safeguard the interests of these mills and if so, the details thereof; and

(e) the other steps taken/being taken by the Government to overcome the financial crunch being faced by the spinning mills in the country?

Answer

MINISTER OF STATE FOR TEXTILES
(SHRI AJAY TAMTA)

(a) & (b): Yes, madam, the recent spurt in cotton prices has resulted in higher input costs for the spinning sector in the country leading to some financial stress. Accordingly, Ministry of Textiles has decided and directed Cotton Corporation of India (CCI) to sell its existing stock purchased under Minimum Support Price (MSP) to Spinning Mills in the Micro, Small & Medium Enterprises (MSME) category only. CCI has commenced the e-auction sale of its balance unsold stock with effect from 2.8.2016 to the Small Scale Industries (SSI) units registered with the office of Textile Commissioner and the Government Co-operative mills which are fully dependent on them for their cotton requirements.

(c): No, madam. The financial assistance provided to Textile units under Technology Upgradation Fund Scheme (TUFS) by way of Interest Reimbursement/Capital Subsidy is marginal as compared to the loan amount received by them from Banks.

(d) & (e): Under Modified Technology Upgradation Fund Scheme (M-TUFS), subsidy has been released upto the quarter ending March, 2016. Under Revised Technology Upgradation Fund Scheme (R-TUFS) and Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) subsidy has been released upto the quarter ending December, 2015. In order to ease the situation, CCI has started to sell its stock to SSI spinning mills.

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